# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

UNSTARRED QUESTION NO:3309
ANSWERED ON:15.04.2008
. AUTOMATIC APPROVAL FROM CCEA
Chakraborty Shri Ajay

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether the foreign companies whose original investment exceeded Rs.600 crores in the mid 1990s were referred to the CCEA for final approval;

(b) if so, the status of the same, company-wise;

(c) whether even a small increase in investment or minor amendment in the letter of approval requires applications by such companies to be referred to CCEA;

(d) if so, whether the foreign companies that entered India today in sectors where 100 percent foreign equity ownership is permitted, would be entitled for automatic approval; and

(e) if so, the time by when the Government will extend benefits of liberalisation on this count to foreign investors who entered India in early 1990s?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a)& (b): Foreign Direct Investment (FDI) into sectors/activities which require prior Government approval as per the extant FDI policy, are considered by the Foreign Investment Promotion Board (FIPB). The FIPB is an inter-Ministerial official-level body which functions as a recommendatory agency. As per the constitution of the FIPB, the approval level for projects with a total investment of more than Rs. 600 crores is the Cabinet Committee on Foreign Investment (CCFI) / Cabinet Committee on Economic Affairs (CCEA). All proposals considered and recommended by the FIPB where the investment is above Rs. 600 crores, are placed before the CCEA for decision. 348 proposals were placed before the CCFI / CCEA since 1991. List of proposals referred to the CCEA during the last 3 years is in the Statement at Annex.

(c): Vide Press Note 7 of 1999, the Government notified that there would be no need for obtaining prior approval of FIPB/Government for increase in the amount of foreign equity within the percentage of foreign equity already approved in all cases in which the original project cost was up to Rs. 600 crores. However, in cases of increase in the percentage of foreign equity as also where initial approval was granted by CCFI, prior approval of the FIPB/Government would be required as per the existing procedure.

(d): As per extant policy, FDI in sectors where automatic route is available, there is no monetary ceiling on the total investment.

(e): FDI policy, including procedures, is reviewed on an ongoing basis through inter-Ministerial consultations.